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## BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

2002 DEC 19 P 1:32

WILLIAM A. MUNDELL  
Chairman

DOCKETED

JIM IRVIN  
Commissioner

DEC 19 2002

AZ CORP COMMISSION  
DOCUMENT CONTROLMARC SPITZER  
Commissioner

DOCKETED BY

CAK

IN THE MATTER OF QWEST  
COMMUNICATIONS INTERNATIONAL )  
INC.'S, QWEST SERVICES )  
CORPORATION'S, AND QWEST )  
CORPORATION'S NOTICE OF SALE, )  
REQUEST FOR WAIVER, OR )  
APPLICATION FOR APPROVAL OF )  
THE SALE OF THE ARIZONA )  
OPERATIONS OF DEX, INC. )

DOCKET NO. T-01051B-02-0666

STAFF'S REPLY TO QWEST'S  
RESPONSE REGARDING A  
PROCEDURAL SCHEDULE  
IN THIS CASE

On December 4, 2002, Staff requested a Procedural Order to establish a procedural schedule for the filing of testimony and an evidentiary hearing in this case. Qwest Corporation ("Qwest" or "Company") filed a Response on December 17, 2002 opposing Staff's proposed schedule. In lieu of Staff's proposed schedule, the Company proposed its own abbreviated schedule to address the issues in this case. Staff files this Reply to the Company's Response.

The Company argues that R14-2-803(A) of the Commission's Affiliated Interest rules contemplate that any action by Staff relating to utility or affiliate reorganizations shall occur within 120 days of notification. Staff believes that the Company has improperly construed what is merely a mandatory 120 day notice requirement under the rules, into a requirement which would obligate the Staff and/or Commission to act on the proposed transaction within 120 days. Staff does not believe that the Company's interpretation of R14-2-803(A) is reasonable or supportable. In addition, Qwest's arguments notwithstanding, the Commission always has the right to suspend or waive any deadlines contained in its own rules, as necessary in order to complete its review of the issues presented.

Qwest also argues that Staff's proposed schedule is unreasonable since it has not yet been determined whether the Commission even has jurisdiction to "delay" the sale at all. First, Staff's

1 proposed schedule would not "delay" the sale since the Rodney Sale (of which Arizona is a part)  
2 is scheduled to close in mid-December, 2003 and another state has scheduled regulatory  
3 proceedings well into next summer to review the Rodney Sale. Second, Staff's request for a  
4 Procedural Order and an evidentiary hearing in this case is predicated on Staff's belief and  
5 opinion that the Commission does have jurisdiction over the transfer of Qwest Dex to Dex  
6 Holdings, LLC. To the extent the Company desires to make legal arguments to the contrary, it  
7 would certainly be entitled to make those arguments to the Hearing Division.

8 Third, Qwest has proposed a schedule which generally coincides with dates adopted by  
9 the Utah Commission for review of this transaction. Staff's proposed schedule coincides more  
10 closely with the dates adopted by the Washington Utilities and Transportation Commission  
11 ("WUTC") for review. The WUTC is scheduled to hold hearings on Qwest's application on  
12 May 19-23, 2003. Staff's proposed hearing dates are only one month later than the WUTC's  
13 hearings.

14 Qwest also argues that Staff is using the same consultant that was hired by parties in Utah  
15 and Washington, and therefore, since Staff's consultant has access to the discovery already done  
16 in Utah and Washington, the Arizona Staff should be able to conduct its review on a more  
17 expedited basis. While this may be true to an extent, Staff would point out that there are issues  
18 that are likely to arise in Arizona that are different than the other states. Qwest has already filed  
19 its testimony in the Utah proceeding, but has yet to file any testimony in Washington or Arizona  
20 that would address the regulatory framework or the issues arising from the Application in  
21 Arizona. In addition, given the long term implications of the transfer, Staff wants to ensure that  
22 it has adequate time to conduct a thorough review, including all potential implications for

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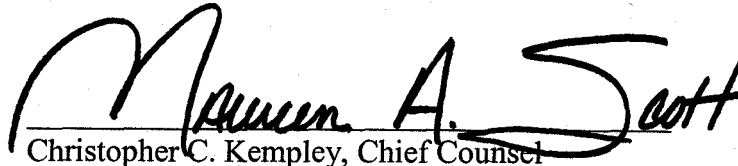
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1 Arizona ratepayers in the future.

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3 RESPECTFULLY SUBMITTED this 19<sup>th</sup> day of December, 2002.

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6 

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16 Of the foregoing hand-delivered  
17 this 19<sup>th</sup> day of December, 2002, to:

18 Arizona Corporation Commission  
19 Docket Control  
20 1200 West Washington Street  
21 Phoenix, Arizona 85007

22 COPY of the Foregoing hand-delivered  
23 this 19<sup>th</sup> day of December, 2002, to:

24 Lyn Farmer, Chief Administrative Law Judge  
25 Arizona Corporation Commission  
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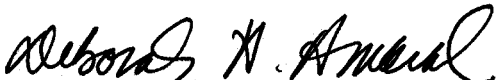
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